

Release No. 0056.98

Remarks

of
Secretary Dan Glickman
USDA's Fiscal Year 1999 Budget
Washington, D.C. -- February 2, 1998

Good afternoon. I want to begin, as I always do on this day, by recognizing the fine work of Steve Dewhurst and his team at our Office of Budget and Program Analysis. In a moment, Steve will go through all the numbers. I want to briefly tell you what all those numbers mean.

We have a strong U.S. farm economy today -- thanks to the hard work of America's farmers, and thanks to an Administration that's set a solid course for the future -- moving agriculture toward greater market orientation, and aggressively pursuing a world of opportunity.

Equally significant is President Clinton's historic effort to give America its first balanced budget in a generation. This is welcome news on the farm. A strong U.S. economy is critical to a strong U.S. farm economy. Low interest rates mean more farmers can expand operations, and make equipment purchases and other investments. A balanced budget also means more Americans have an easier time buying a home, starting a business or sending a child to college.

Most of us agree that this is worth cinching up the federal belt a few notches. If we want to drive the deficit to zero, shore up social security, and make possible what was considered impossible just a few years ago, then each of us must do our part. Government can no longer afford to be all things to all people. From farm policy to welfare policy -- folks are being asked to take more responsibility. In exchange, government is getting smaller and costing less.

USDA is no exception. Since 1993, our budget has declined from \$63 billion to a projected \$54 billion in the 1999 fiscal year; we've reduced our work force by nearly 20,000 people at the end of FY97; that number will come down another 2,800 at the close of '99. We are doing our part.

That being said there are still significant challenges facing farmers, rural Americans, and our nation ... challenges where USDA must provide strong leadership. What we do, we must do well because what we still do here at the 'people's department' is protect and improve the American quality of life. In that vein, USDA's 1999 budget is chock full of the right stuff.

In 1999, we must expand economic opportunities for family farmers and all rural Americans.

-more-

... by helping more farmers get and stay on the land. This budget doubles funding for direct farm ownership loans. Along with an increase in guaranteed loans, almost 3,500 beginning and small farmers will be able to acquire or save a farm. The budget also proposes \$2.4 billion in direct and guaranteed operating credit to serve some 28,000 limited-resource farmers.

... by focusing more on the needs of small farmers. This budget proposes full funding for the 2501 small farmer outreach and technical assistance program to help more limited-resource farmers boost their bottom line.

... by protecting and expanding American agriculture's customer base around the world. One third of U.S. agriculture's bounty is sold overseas. The fate of farm incomes is inextricably tied to expanding trade. I've proposed \$6.4 billion for USDA's trade-related activities, including \$4.6 billion for export credit guarantees to protect our agricultural sales in Asia and other areas experiencing economic instability. This budget also proposes a flexible, five-year Export Enhancement Program. Up to \$320 million will be available in 1999, and any amount that is not used will roll over into the next year. Through 2003, we'll have up to \$1.2 billion available -- twice what Congress has given us in the past. So if market conditions make it necessary to use EEP, we will have ample resources available to ensure our producers are competitive in world markets.

... by giving farmers a sturdy safety net. The unfinished business of 1996 must be settled in 1999. This budget fully funds our crop insurance program, and includes nationwide expansion of crop revenue coverage to protect farmers in volatile markets. Soon, I also will send to Congress emergency legislation to ease the Farm Bill's categorical ban on loans to producers who've had a government debt forgiveness. It's wrong. And, we need to move quickly to enact a fair fix, so people don't lose their land.

... by making a strong commitment to rural America. This budget contains funding for five new rural Empowerment Zones, offering a massive influx of federal resources to help revitalize our most depressed rural communities. This budget continues President Clinton's commitment to increasing homeownership, and to bringing safe, running water to every rural home and community. It also pledges \$1 billion in guaranteed loans to promote rural business growth, including cooperatives which help farmers protect themselves from risk and prosper.

We must make a major commitment to food safety and to fighting hunger in America

... by seeing that America continues to lead the world in food safety. Governmentwide, President Clinton is committing \$101 million over and above last year's food safety funding level. \$46 million will come to USDA to increase and improve inspections, expand our research efforts, support consumer education and enhance high-tech surveillance efforts that help us more quickly control outbreaks of food-borne illness.

... by feeding America's hungry. This budget proposes full funding for the Women, Infants and Children nutrition program which would give 7.5 million new mothers and their babies essential medical care and nutrition. We also restore food stamp benefits for legal immigrant families with children, elderly legal immigrants and those who are disabled. And, we commit \$20 million to assisting private, grass-roots food recovery efforts. Strong federal programs will always be the bedrock of America's anti-hunger effort, but government should also assist community-led work. It is right to demand personal responsibility. It is wrong to do nothing as lines grow longer at food banks, and food banks run out of food. In the most prosperous, agriculturally abundant nation in the world, we can do better. This budget makes it clear that America will.

We must do more to protect our natural resources

... by helping more farmers and ranchers be good stewards of the land. Our conservation programs are limited not by how many people want to participate, but how much we invest. This budget proposes a \$100 million increase in the Environmental Quality Incentives Program to give more producers help with their efforts to feed a growing world in a sustainable way.

... by exploring the full potential of crop-based fuels. USDA will contribute \$10 million to an interagency Climate Change Technology Initiative, recognizing that agriculture can offer significant global warming solutions through cleaner-burning ethanol fuels, biomass projects that produce electricity by burning crops, and carbon sequestration, the use of plants to reduce the carbon blanket in our atmosphere that's heating up our earth and threatening world agriculture.

... by protecting and valuing all the natural resources of our national forests. This budget proposes a \$13 million increase in the Forest Service's watershed restoration efforts to protect America's rivers and streams at their sources. We'll put an extra \$20 million into recreational efforts, \$15 million into wildlife management, and an extra \$21 million into range management. To stop degradation of the water and wildlife habitat, this budget also provides \$30 million to restore needed roads in our national forests, and obliterate those that are unnecessary.

One thing this Administration has done differently in our forest management is to make sure that we aren't valuing America's forests solely based on the cost of a cubic foot of timber. Clearly, the public places a high value on the recreational and environmental 'products' of our forests. As forestry policy takes this broader view, we're harvesting fewer trees which means that the funds states receive as their share of timber receipts are going down. This budget proposes to sever the link between state payments and the amount of timber harvested, instead providing reliable, fixed payments to the states.

In the year ahead, USDA will strengthen its commitment to being a federal civil rights leader. This budget invests a quarter of a billion dollars in our civil rights activities. The credit, outreach and conservation provisions I discussed earlier are a part of this effort. Within USDA, this budget also strongly supports our new Office of Outreach and the new civil rights arm of our Office of General Counsel. It increases resources to help us quickly resolve discrimination complaints, and better prevent discrimination, for example, through on-the-job civil rights training. This budget also addresses basic equity issues from housing for migrant farmworkers to facility funding parity for historically minority-serving universities.

Finally, USDA will do more to protect the integrity of our programs. This budget proposes an additional \$22 million for the Office of the Inspector General to enhance his efforts to crack down on abuse in our nutrition, rural development and other USDA programs. In a time of tight budgets, the American people must have the utmost confidence that their tax dollars are being put to good use. Otherwise, the very existence of our programs will be threatened. This effort will weed out bad actors, and help ensure our efforts reach those who truly need help.

There are a number of cost-saving factors that help us pay for these priorities. First and foremost, a strong U.S. economy enables us to buy more program for less money. For example, even with a \$1.8 billion increase in food stamp spending, the program will still cost less than it did five years ago because with the economy strong and unemployment low there are fewer people today who need food stamps. We have massive savings in our rural development efforts, as well. With interest rates down, the subsidy costs of our rural programs have declined by almost 40 percent. We have cost-saving proposals as well, such as, reducing administrative payments in the food stamp program by \$180 million, and reforming crop insurance to reduce the loss ratio and limit CAT coverage. Declining market transition payments will save another \$200 million. We have our ongoing work to consolidate administrative functions in our county offices. And, yes, we propose user fees for selected programs, including meat, poultry and egg inspections. This would generate \$624 million. I am well aware that the effected industries are not big fans of this proposal, but I think most Americans find it perfectly reasonable. You can't be for a balanced budget, and against pulling your fair share of the weight.

I'm proud of all that we are able to do within the confines of a balanced budget. This document is a strong road map for the year ahead -- one that reflects the priorities of this Administration, and I believe, the American people. Now, I'd like to turn things over to Steve....

#

NOTE: USDA news releases and media advisories are available on the Internet. Access the USDA Home Page on the World Wide Web at <http://www.usda.gov>